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ASG Security Acquires Matrix Security Group

By Russ Gager, Senior Editor



The acquisition of Matrix Security Group Inc., Turnersville, N.J., by Alarm Security Group LLC (ASG Security), Beltsville, Md., will expand ASG's footprint and build its market density, the company's executives said.

"The real benefit for us is since we operate on the principle and strategy of building very dense market share in the geographies we occupy, this really fits with the plan we have executed since day one," explained Bob Ryan, ASG's vice president of sales and marketing. "The acquisition of Matrix allows us to add density to markets like the Delaware Valley, where we felt we needed it.

"We already have a very large and successful operation in the Baltimore-Washington, D.C., corridor," he related. "Now we have an overlapping presence with Matrix, so we'll combine those operations. We'll get synergies there immediately.

"We pick up primarily North Carolina, a dominant market presence there," Ryan continued. "We move up into southern and northern New Jersey and onto the cusp of New York City. So now really it just puts our flag in the soil in these other areas, and we have plenty of time to do what we do best and look for additional tuck-in acquisitions to roll into those newly founded operating branches and again build our market density.

"We're pleased that we have acquired a very talented employee base, and we're really getting to know the new team members, who are very strong on the sales and operations side, and in general management," Ryan noted. "These are very good teams to build around."

Matrix's business is approximately 36 percent commercial compared with ASG's 47 percent, but the company's goal is to move to a 50:50 commercial-residential split, said Joseph Nuccio, ASG's president and CEO.

"Manufacturing-wise, we have the same products they have," Nuccio pointed out. "From a marketing standpoint, the reality of it is we're going to want to leverage our ASG brand as time goes on. I think Matrix does have some good market share within their markets. When the time is right, we'll cobrand for a while.

"We're not in a rush to do that. I think strategically down the road, we're going to want to have it ASG, but it doesn't have to happen tomorrow," Nuccio continued. "We're going to use the brand that makes sense, but we're going to continue to build around our ASG brand."

Added Ryan, "I would say in their local markets, they've got a very good reputation, and that carries with it a lot of benefit for us, but I think we can make a seamless transition at the right point and time to maximize the leverage of ASG. We're sensitive to timing, and we'll do it at what we feel is the right time in those existing markets.

"With any acquisition, it has to be sensible first and foremost to the customers," Ryan noted. "We want to make sure the customers understand how to navigate in the new company. The change for them will be small, and at the right time, we will move everything over."

Matrix has more than 33,000 customers and approximately \$1 million in recurring monthly revenue (RMR) in the mid-Atlantic states. BarnesAssociates, Chesterfield, Mo., assisted ASG in the transaction.

Last October, ASG completed a recapitalization with Parthenon Capital, which provided financing for the transaction.

"We basically recapitalized our company for future growth and infused more capital and more bank credit to really go out and become what we want to be," Nuccio explained. His goal is to make ASG one of the leading security companies.

"We want to get within the top 10," Nuccio asserted. "We plan on focusing on that." For more information, visit www.asgsecurity.com.